

____FIRST PUBLISHED IN THE WICHITA EAGLE ON JULY 1, 2011____

ORDINANCE NO. 49-024

AN ORDINANCE EXEMPTING PROPERTY FROM AD VALOREM TAXATION FOR ECONOMIC DEVELOPMENT PURPOSES PURSUANT TO ARTICLE 11, SECTION 13, OF THE KANSAS CONSTITUTION; PROVIDING THE TERMS AND CONDITIONS FOR AD VALOREM TAX EXEMPTION; AND DESCRIBING THE PROPERTY OF COX MACHINE, INC., SO EXEMPTED.

WHEREAS, Article 11, Section 13, of the Kansas Constitution provides that the governing body of the City may, by Ordinance, exempt from all ad valorem taxation all or any portion of the appraised value of certain property meeting the requirements of the constitutional provision; and

WHEREAS, the City of Wichita has adopted an Economic Development Incentive Policy by which the City will consider granting tax exemptions upon a clear and factual showing of direct economic benefit including the creation of additional jobs or the upgrading of existing jobs and the stimulation of additional private investment; and

WHEREAS, Cox Machine, Inc., which has a land lease with a real estate holding entity, Coxco, LLC, which is owned by the owner of Cox Machine, Inc., requests an ad valorem tax exemption on a proposed relocation project of 100% for a five-plus-five year term on the construction of a new; and

WHEREAS, Cox Machine, Inc., has operated within the City for more than fifty years as a manufacturer of aircraft parts; and

WHEREAS, Cox Machine, Inc., proposes a \$3,616,236 expansion by the construction of a new building expansion as well as \$2,500 in equipment to be located at 5338 W. 21st St. N. in Wichita; and

WHEREAS, the City Council of the City of Wichita has reviewed the application and supporting documentation supplied by Cox Machine, Inc., has reviewed the impact statements provided by Staff, and the Cost-Benefit Analysis by the Wichita State University and has conducted a public hearing on such application on April 5, 2011; and

WHEREAS, the City Council of the City of Wichita has found and determined:

1. Cox Machine, Inc. is an existing business located in Wichita, Kansas, and intends to expand its business by construction of a building expansion.

2. The construction of the expansion for which exemption is given occurred after June 4, 2008. No exemption will be given for construction which occurred before that date.

3. Such construction is to be used exclusively for manufacturing articles of commerce.

4. By such expansion, Cox Machine, Inc. will create new employment for 37 employees within five years after the start of the project.

5. Tax exemption will be given only for the construction of a building expansion and acquisition of integrally-related machinery and equipment.

6. The property on which exemption is given will meet the requirements of the Kansas Constitution and the City of Wichita's Economic Development Incentive Policy.

7. Such ad valorem tax exemption is in the public interest providing for economic growth and benefit including the creation of jobs and stimulating additional private investment.

NOW THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF WICHITA, KANSAS,

1. The City Council of the City of Wichita, Kansas hereby makes a factual determination that an ad valorem tax exemption of the type requested by Cox Machine, Inc. is required to retain jobs in the State of Kansas, and that the property to be exempted is to be used exclusively for manufacturing articles of commerce.

2. Cox Machine, Inc. is hereby granted an ad valorem tax exemption of 100% for a five-year term on the construction of a building expansion and the purchase of personal property described as a Grid Plate and 100% for a second five years, subject to approval by the then current governing body, located within the Wichita City limits 5338 W. 21st Street North in Wichita, at an estimated cost of \$3,616,236. Such exemption is to begin in the calendar year after the calendar year in which the expansion is completed, and may be terminated early (and Cox Machine, Inc. may be required to repay amounts previously abated), in the event of any failure by Cox Machine, Inc., to perform its obligations under the Economic Development Incentive Agreement it has executed with the City.

3. The Economic Development Incentive Agreement between the City of Wichita and Cox Machine, Inc. is hereby approved.

4. The Office of Urban Development shall be responsible for monitoring the performance of Cox Machine, Inc. and shall provide annual reports on such performance.

5. Such exemption is subject to verification that the level of employment at the time of the completion of the project is at least equal to the level of employment as stated in Cox Machine, Inc.'s written request for ad valorem tax exemptions as presented to the City Council and to administrative staff and dated February 15, 2011 and as stated in Cox Machine, Inc.'s annually approved EEO/AA Plan.

6. Such exemption may hereafter be withdrawn by the City Council upon a finding that Cox Machine, Inc. no longer is entitled to such exemption in accordance with the Economic Development Incentive Agreement, which Cox Machine, Inc. has executed with the City.

7. The City Council may, at its discretion, require Cox Machine, Inc. to return all funds exempted if there is a failure to meet the terms and conditions of the Economic Development Incentive Agreement which Cox Machine, Inc. has executed with the City.

8. Upon finding that Cox Machine, Inc. has failed to meet its obligations under the Economic Development Incentive Agreement, the City Council shall require the repayment of all prior amounts of taxes that have been exempted and shall withhold any future exemption of taxes on Cox Machine, Inc.'s expansion project. All repayments shall be redistributed to the local taxing authorities at the proper taxing rates.

9. Ordinance No. 48-990 of the City of Wichita, Kansas, as the same existed prior to the effective date hereof, is hereby repealed.

10. This Ordinance shall be in full force and effect from and after its passage and publication in the official City paper.

Passed by the governing body of the City of Wichita, Kansas this 28th day of June, 2011.

Carl Brewer, Mayor

ATTEST:

Karen Sublett, City Clerk

Approved as to Form:

Gary E. Rebenstorf, City Attorney